

22 December 2004



Iraq Weekly Status Report

UNCLASSIFIED

DEPARTMENT
OF
STATE



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Highlights

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2.0 Ensure Legitimate Elections

- ï Submission of political entity lists and voter registration ended on December 15. Campaigning began the same day.
- ï Over 7,000 candidates representing 72 political parties and 33 coalitions are running on 256 different entities/lists in the January national elections.
- ï 9,000 candidates are registered to compete in the provincial elections.
- ï Over 200,000 corrected registration forms were submitted during the registration period.

3.0 Create Jobs and Provide Essential Services

- ï An international conference on employment in Iraq held, December 12-13 in Amman, Jordan, adopted a Declaration underlining the crucial role of employment in the reconstruction and development of Iraq.



Highlights

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4.0 Establish Foundations for a Strong Economy

- ï On December 17 during the Second Joint Economic Commission, the U.S. government wrote off 100% of Iraq's \$4.1 billion in external debt to the United States, with an agreement signed by the Secretary of State, the Secretary of the Treasury and the Iraqi Minister of Finance.
- ï The agreement to write off Iraq's debt to the U.S. follows a decision by the Paris Club creditor nations to write off 80% of Iraq's debt to its members in a three-phase process over the next four years. The November agreement of the Paris Club reduced Iraq's debt to the member nations from \$38.9 billion to \$7.8 billion. Prior to receiving debt relief from the Paris Club and the United States, Iraq's total external obligations stood at \$127 billion.

5.0 Establish Good Governance, Rule of Law

- ï UNHCR released 2,000 blankets and 1,000 mattresses for distribution to 500 Fallujah IDP families. In addition, 300 tents, 1000 mattresses and 1800 blankets were released to a NGO partner for further distribution to Fallujahís IDPs.

6.0 Maintain International Engagement and Support

- ï Canada hosted meetings on December 19-20 with elections experts from more than 20 nations to develop a framework for international assistance and observation regarding Iraqi elections.



[1.0] Neutralize the Insurgents ñ Iraqi Security Forces Update

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<u>Iraqi Security Forces</u>	<u>Trained/On Hand</u>	<u>Required</u>
Police	51,712	135,000
Civil Intervention Force	1,091	3,720
Emergency Response Unit	143	270
Border Enforcement	14,267	28,360
Highway Patrol	141	6,300
Bureau of Dignitary Protection	484	500
Army	4,444	24,425
National Guard	40,115	61,904
Intervention Force	4,287	9,159
Special Operations Force	674	1,967
Air Force	167	502
<u>Coastal Defense Force</u>	<u>484</u>	<u>582</u>
Total	*118,009	272,689

* The military forces continue to receive advanced unit training.



[2.0] Ensure Legitimate Elections ñ **Developments**

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Election Planning continues:

- ï IECI and the National Communications and Media Commission issued media regulations for campaigning.
- ï Following the IECI's compilation of an initial voter registry of 14 million names based on the food distribution system, lists are now being reviewed, updated, and corrected following voter registration.
- ï IECI held a lottery to determine name placement on ballots for political entities.
- ï At the request of IECI, USAID is disseminating information to Iraqi political groups about out-of-country voting for Iraq's Transitional National Assembly.

Elections Monitoring:

- ï Elections Canada hosted a forum meeting of some 25 countries and organizations in Ottawa from December 19-20 to develop a framework and implementation plan for international monitoring.
 - ï IECI and the UN participated in the conference via satellite from Baghdad.

United Nations:

- ï The UN currently has 220 staff in Baghdad: 157 Fijian guards (not all are equipped and on duty yet) providing security for UN premises and personnel and 64 international staff.
- ï UNSYG Kofi Annan and Secretary Powell met in Washington on preparations for next month's elections and United Nations assistance in the process.
- ï Iraqi Ambassador to the UN Samir al-Sumaydi'i told the Security Council that the UN needs to take a more active role in Iraq.



[2.0] Ensure Legitimate Elections ñ **Developments**

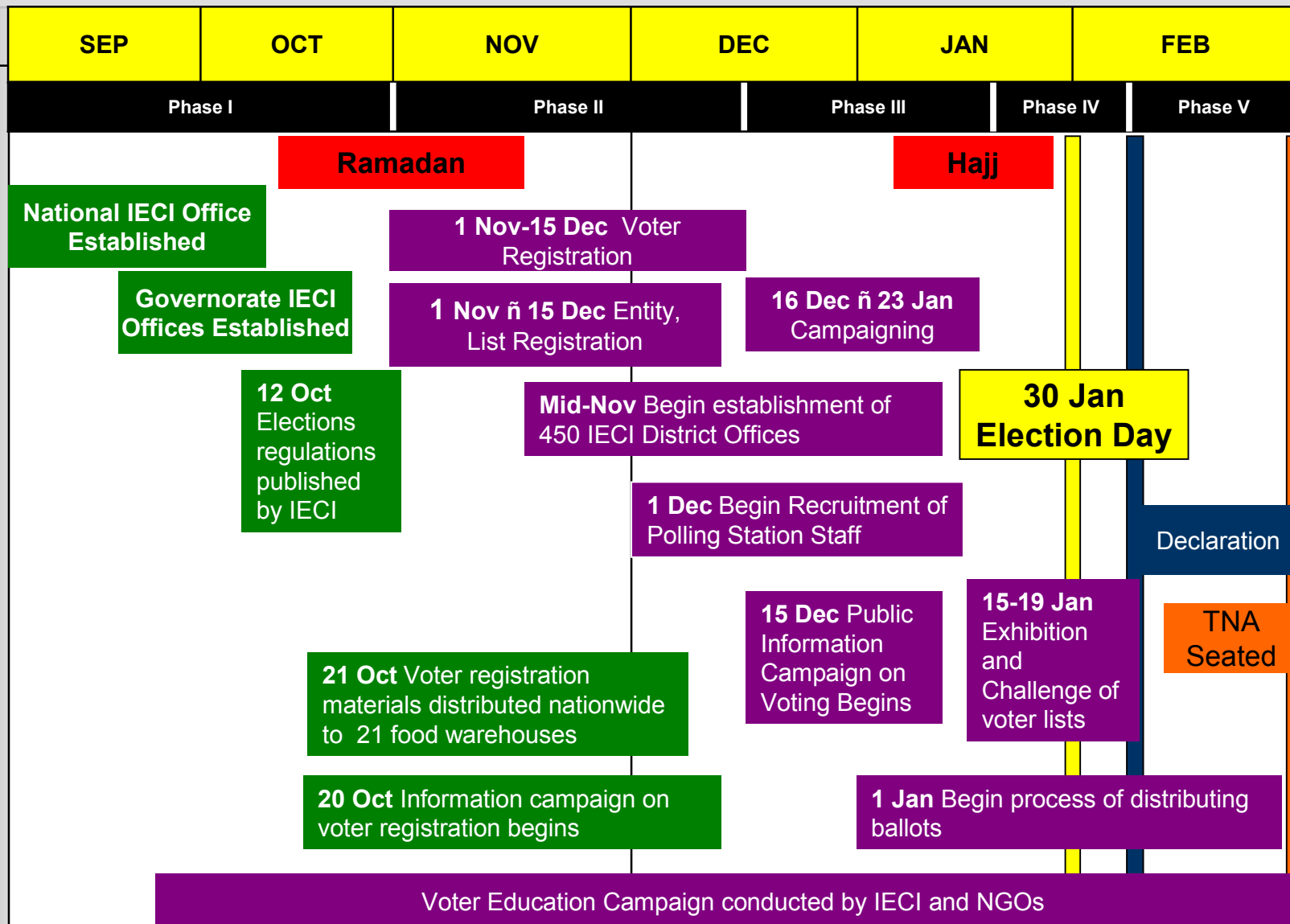
Capacity Building:

- ï Japan announced that it will train ten IECI officials from Baghdad and Muthana province prior to the January elections.
- ï Production of the German funded *Election Radio*, a daily program of elections coverage produced by Iraqis, began this week.
- ï Through USAID, the International Republican Institute (IRI) recently conducted political party training for 46 participants from 27 parties in cooperation with IECI.
- ï With help of USAID, the National Democratic Institute for International Affairs (NDI) recently trained 26 Iraqis from the Coalition of Non-Partisan Election Monitors (CINEM) on Iraqi election law, best practices in monitoring, and developing unified campaign statements.
- ï A local NGO conducted a seminar on laws and procedures for the January 30 Elections for 213 students at a university in Arbil, funded by USAID
- ï At the request of the Iraqi Interim National Council, USAID supported governance training for 22 women council members.
- ï Senior members of eight political parties participated in a workshop on campaign strategies and post-election coalition building. Organized by a USAID partner NGO, participants compared strategic campaign positions and operational procedures.



[2.0] Ensure Legitimate Elections ñ Iraq Elections Timeline

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[3.0] Create Jobs and Provide Essential Services ñ **Economy**

Oil Update:

- ï Crude Oil prices in world markets for the week ending 17 December closed with Kirkuk Crude at \$33.76/barrel, Basra Light at \$29.00/barrel, and the OPEC basket at \$35.98/barrel.

Employment Update:

Number of Iraqis employed by USG-administered projects in each sector

Employing Organization	Iraqis last week	Iraqis this week	% Increase on week
PCO	20,463	19,907	-2.8%
USAID	38,884	38,681	-0.5%
AIRP	10,700	12,007	10.9%
MILCON/OMA*	764	671	-13.9%
CERP	22,279	36,833	39.5%
MNSTC-I	7,923	7,923	0.0%
IRRF NON-CONSTRUCTION	32,213	31,126	-3.5%
GRAND TOTAL	133,226	147,148	9.5%

[3.0] Create Jobs and Provide Essential Services ñ Water and SanitationD
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E**Water Treatment Plants:**

- ï As of December 15, 43 water treatment plants are under construction and 11 water treatment plants have been completed. Total water treatment capacity is currently 432,000 cubic meters.
- ï This week, USAID completed the \$23 million rehabilitation of southern Iraq's Sweet Water Canal. The project was conducted on behalf of Iraq's Ministry of Water Resources.
 - ñ The massive cleansing and repair of the 149 mile waterway also included the \$12 million refurbishment of 13 water treatment plants and the repair of the RZero pumping station that sends water from the canal's reservoir through a network of pipelines in the water treatment plants and then onto residential, commercial and industrial users.
 - ñ The completed USAID project improves the quality and nearly doubles the quantity of fresh, potable water produced for the 1.75 million of the Basrah region.

Waste Water Treatment Plants:

- ï As of December 15, 11 sewer projects are under construction and 2 sewer projects have been completed.



[3.0] Create Jobs and Provide Essential Services ñ Food Security

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Public Distribution System (PDS) and MOT-Awarded Contracts:

- ï There is a possibility of shortage of rice in next month's distribution. The shortage could be up to 50% with the primary cause being difficulty in moving rice from the Port of Aqaba in Jordan into Iraq.
- ï A truckers strike in Jordan and problems getting trucks through the border, both into Jordan from Iraq en route to pick up the cargo and back, has slowed movements of rice from Aqaba. Aqaba is reported to possess at least 35,000 metric tons (MT) of rice bound for Iraq.
- ï It is unclear how much rice has actually been delivered, making it difficult to assess the severity of the shortage. A portion of this deficit can be offset by deliveries into Iraq within the first week of the month, but later arrivals cannot be distributed because of logistics in distributing the goods around the country.
- ï Embassy and MNF-I personnel are focused on removing any border obstacles and working with the Iraqi Ministry of Transportation and the Iraqi Ministry of Trade to assure there are enough trucks to move the rice.
- ï Arrivals of foreign wheat should meet December's monthly distribution requirement of 230,000MT. The Ministry of Trade reported stocks on 1 December of 210,000MT. Wheat offloaded at Umm Qasr during the first week of December (36,000MT) should easily offset the 20,000MT deficit of the month's reported stocks.



[3.0] Create Jobs and Provide Essential Services ñ Health Care

Drug Monitoring:

- ï The World Health Organization (WHO) continued to support the Ministry of Health (MoH) committee for monitoring the supply of drugs and medical items in Iraq by providing logistical support to Kimadia in carrying out a pilot survey for building up the drug monitoring system.
- ï This pilot project will take two months, a proposal will then be developed to establish a nationwide drug monitoring system. In addition to the provision of direct technical support on programming and IT issues, the WHO is also contributing towards vehicle rentals, per diems, computers, and software supplies.

Support to Primary Health Care:

- ï Currently there are 35 PHCs under construction (note that last week PCO reported 56 PHCs underway, but after doing site visits they have determined that only 35 site meet the criteria of being under construction).
- ï As part of its support to the Iraqi MoH, WHO delivered 20 vehicles to Baghdad for onward distribution to governorates and supplied a range of medical items and drugs to the MoH/ Kimadia warehouse in the past week.
- ï The list of items procured in response to an urgent MoH request included stomach tubes, urine bags, chronic illness drugs, and other supplies. Medical equipment procured by WHO was delivered to the Nutrition Research Institute in Baghdad to support the MoH in the field of nutrition.



[3.0] Create Jobs and Provide Essential Servicesñ Education

UNESCO Workshop:

- ï The United Nations Educational, Scientific and Cultural Organization (UNESCO) organized a workshop on "Inclusive Education" in Amman from December 11-13, 2004 for eight Iraqi professionals nominated by the Ministry of Education (MoE).
- ï In close collaboration with the Ministry of Education in Egypt, 25 Iraqi Directors of the MoE undertook a study tour from December 11-15, 2004 on management and textbook distributions systems.

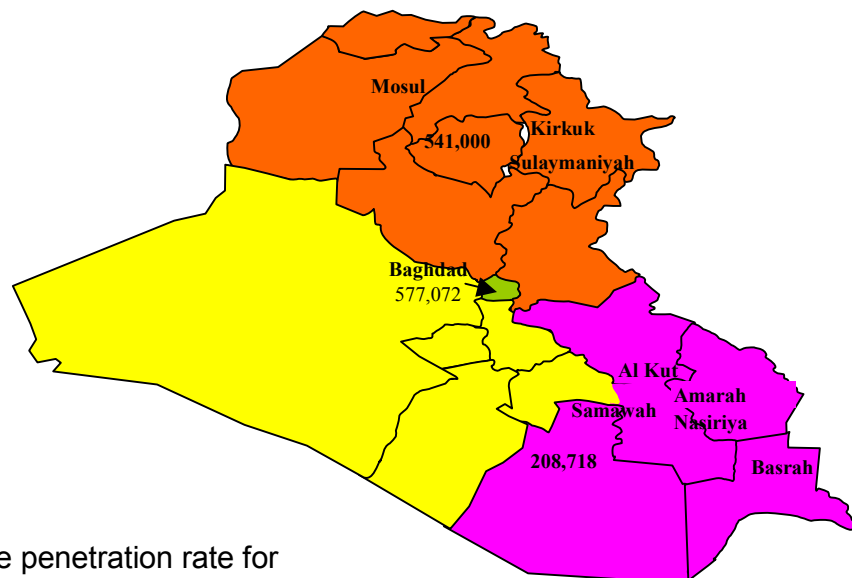
Textbook Distribution:

- ï Four containers of laboratory equipment, up-to-date reference books and student textbooks are on their way to Iraq as part of an international effort to revitalize the country's higher education system. The consignment was organized by UNESCO and the International Fund for Higher Education in Iraq, initiated by the First Lady of Qatar, who is a UNESCO Special Envoy for Basic and Higher Education.
- ï Based on priorities identified by Iraqi education authorities, the shipment includes \$4.6 million of equipment and materials for medical and related disciplines such as dentistry, pharmacy and nursing, and engineering faculties. It also includes US \$1 million in textbooks for students and reference books for university libraries.
- ï The shipment will be distributed to about a dozen universities by the end of December.



[3.0] Create Jobs and Provide Essential Services ñ Telecommunications

- ï Total number of telephone subscribers in Iraq is now over 2,287,000 (including 1,327,000 cell phone subscribers) ñ 175% above pre-war levels.



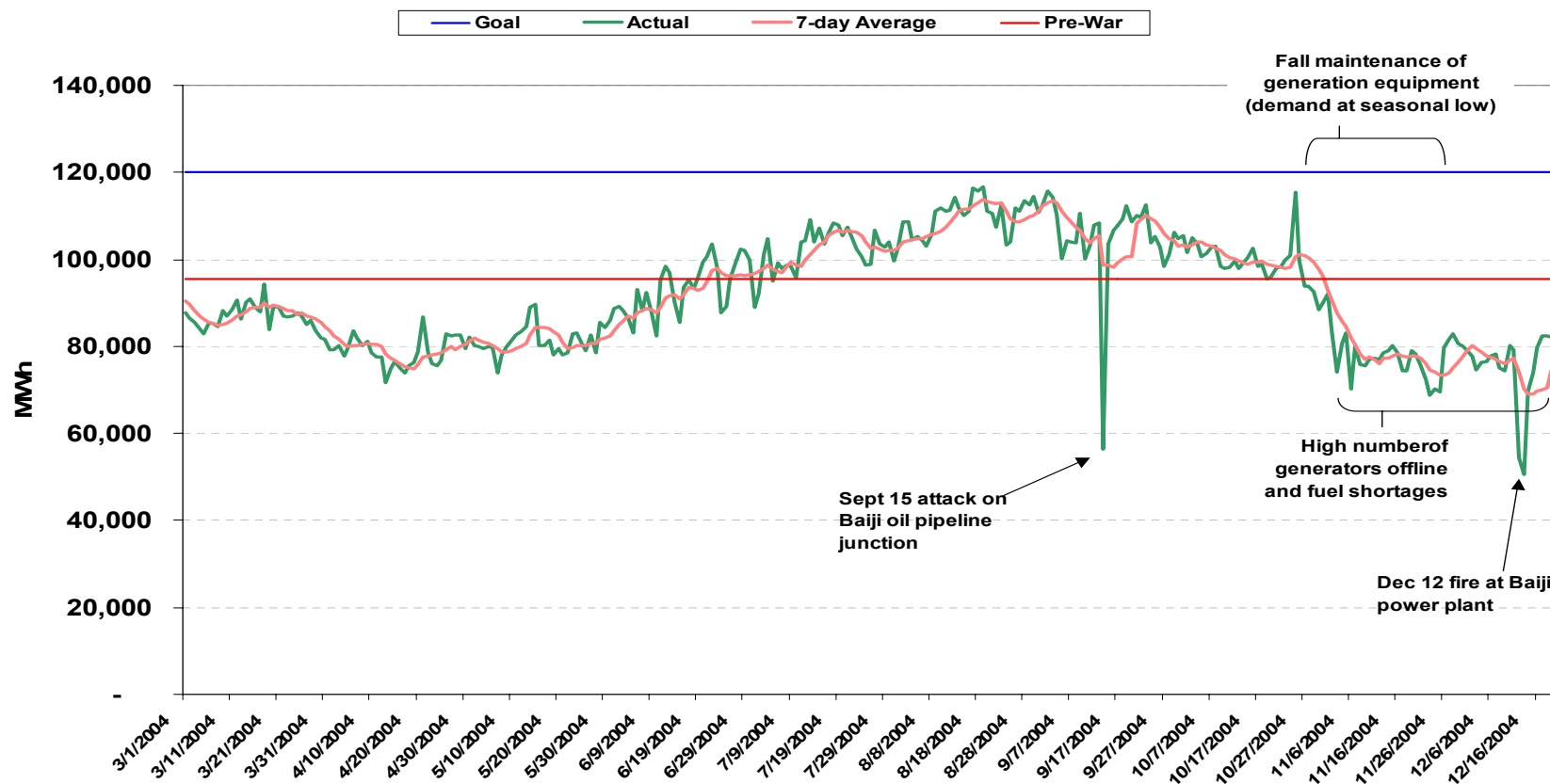
This map shows the penetration rate for cell phone users: Note: the map and table only includes areas where service currently exists.

- ï In 2003, there were 5,000 Internet and 10,000 e-mail only subscribers. By January 1, 2004, there were 12,327 accounts, with both e-mail and internet access. As of December 1, 2004, there are 117,000 active subscribers. These statistics do not reflect the large number of unregulated users of Internet cafes.

[3.0] Create Jobs and Provide Essential Services ñ Electricity Overview



Megawatt-Hour (MWh) Load Served



ï Low fuel inventories and increasing winter with cooler temperatures demand coupled with ongoing unplanned outages has significantly decreased the available electricity to the average Iraqi.

ï 7 Day MWh Average (13-19 Dec): 74,428 MWh.



[4.0] Establish Foundations for a Strong Economy

2nd Joint Economic Commission Concludes in Washington:

- i The Second Joint Economic Commission (JEC) took place December 20 ñ 21 in Washington, DC which included senior USG and IIG participation.
- i The Commission discussed economic reform in monetary and fiscal policy, privatization of State-Owned Enterprises, housing finance, WTO accession, the agriculture sector, the oil sector, and short term job creation.
- i During the JEC, the Secretary of State, Secretary of the Treasury, and the Iraqi Minister of Finance signed an agreement to relieve 100 percent of Iraqís \$4.1 billion debt to the US government.
- i The Ministry of Oil and the Department of Energy signed a Memorandum of Understanding (MOU) to establish a ìCooperation on Energy Analysis, Science and Technology, and Energy Technology Demonstration.î This agreement will facilitate the exchange of information and personnel (e.g. training in energy collection, analysis and forecasting).
- i The Ministry of Oil and the Department of State signed an MOU to establish a ìCooperation on Capacity Building in the Energy Sectorî that will create a long-term training program with universities, funding of joint USG activities and participation and short-to-medium term training programs with professional societies.
- i The Ministry of Housing and Construction and the Departments of State, Treasury and USAID discussed an MOU to support an Iraqi Housing Fund that will help establish an Iraqi mortgage market.



[4.0] Establish Foundations for a Strong Economy

Iraq Currency and Securities Exchanges:

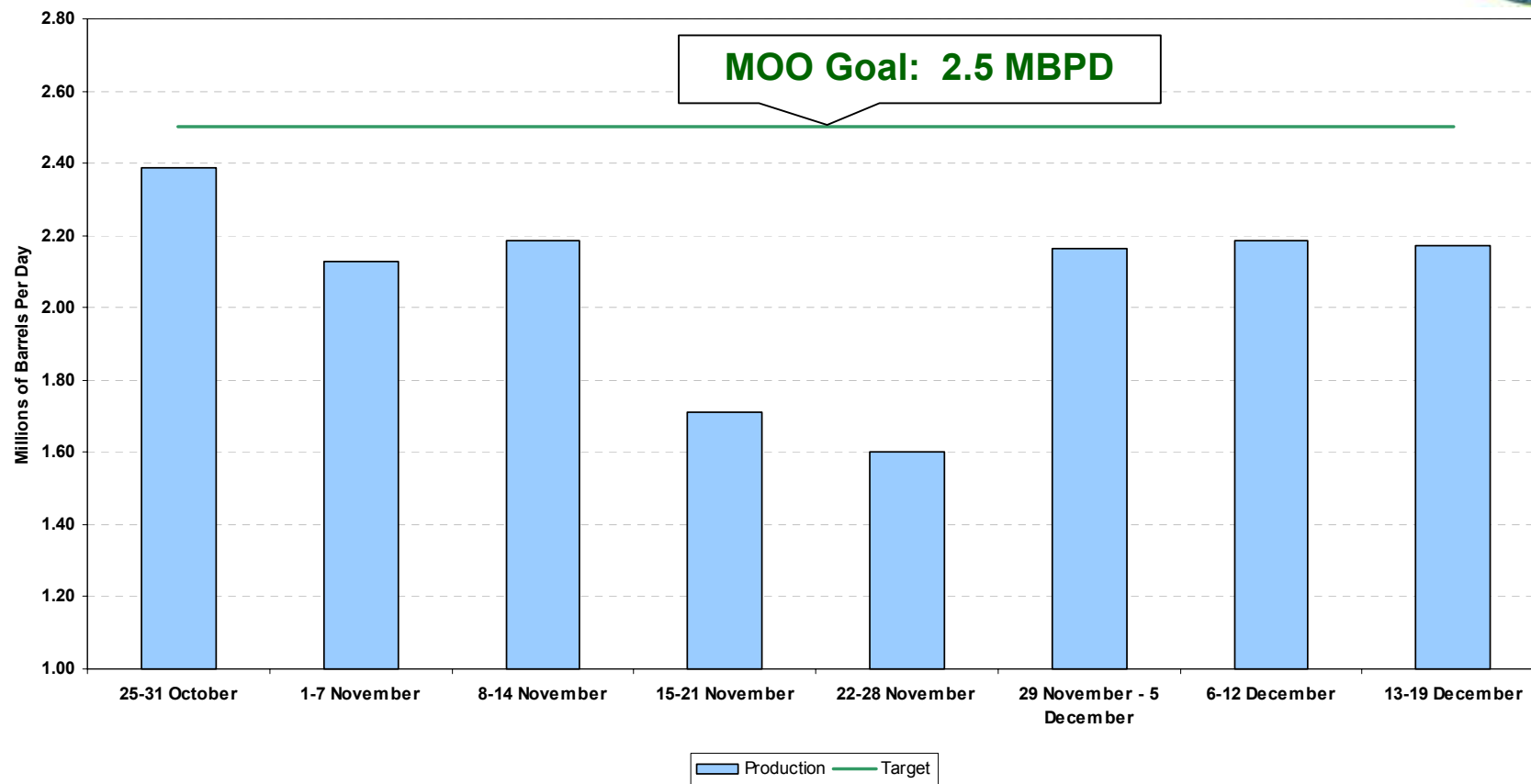
- i At the New Iraqi Dinar (NID) auction on December 20, the settlement price was 1,460 dinars per USD with a total of 15 banks trading. The following table shows the purchase value of the top five banks:

Bank Name	Quantity Sold (in thousands of dollars)	Percentage of Total Auction
Al-Warkaa Bank	7,500	32.77%
Agriculture Bank	3,460	15.12%
United Bank	3,000	13.11%
Iraq Bank	2,200	9.61%
Al-Rasheed	1,850	8.08%
Total	18,010	78.70%

- i The Ministry of Finance (MOF) auctioned ID 200 billion (about \$137 million) in T-Bills on December 20; the settlement yield was 6 percent with 12 banks offering winning bids. The following shows the results of the previous 6 auctions:

No. of Auction	Date of Auction	Amount of Issue	Term of Security (in days)	Maturity Date	Number of Competitive Bidders	Winning Bidders	Total valid Competitive Bids	Total Competitive Awarded	Cover Ratio %	Bid Range Yields	Cut off yield	Amount Sold
6	9/26/2004	150.000	91	12/27/2004	7	5	316.250	146.500	215.87	1.50% - 5.00%	3.20%	150.000
7	10/10/2004	150.020	91	1/10/2005	8	6	289.750	145.270	199.46	2.00% - 5.40%	3.20%	150.020
8	10/24/2004	150.030	91	1/24/2005	10	6	350.000	145.030	241.33	1.00% - 5.40%	2.50%	150.030
9	11/7/2004	150.010	91	2/7/2005	12	7	437.100	145.510	300.39	1.00% - 3.30%	1.10%	150.010
10	11/21/2004	150.010	91	2/20/2005	6	6	281.250	147.010	191.31	1.00% - 5.00%	1.20%	150.010
11	12/5/2004	124.550	91	3/7/2005	4	4	122.800	122.800	100.00	2.50% - 6.00%	6.00%	124.550
12	12/19/2004	200.030	91	3/21/2005	12	12	282.300	196.730	196.730	2.50%-10.00%	6.00%	200.030

[4.0] Establish Foundations for a Strong Economy ñ Crude Oil Production



ï Weekly Average (13-19 Dec) of 2.17 MBPD

ï Near Term Ministry of Oil (MOO) Target (Dec 04): 2.8 ñ 3.0 MBPD (Pre-War Capacity)

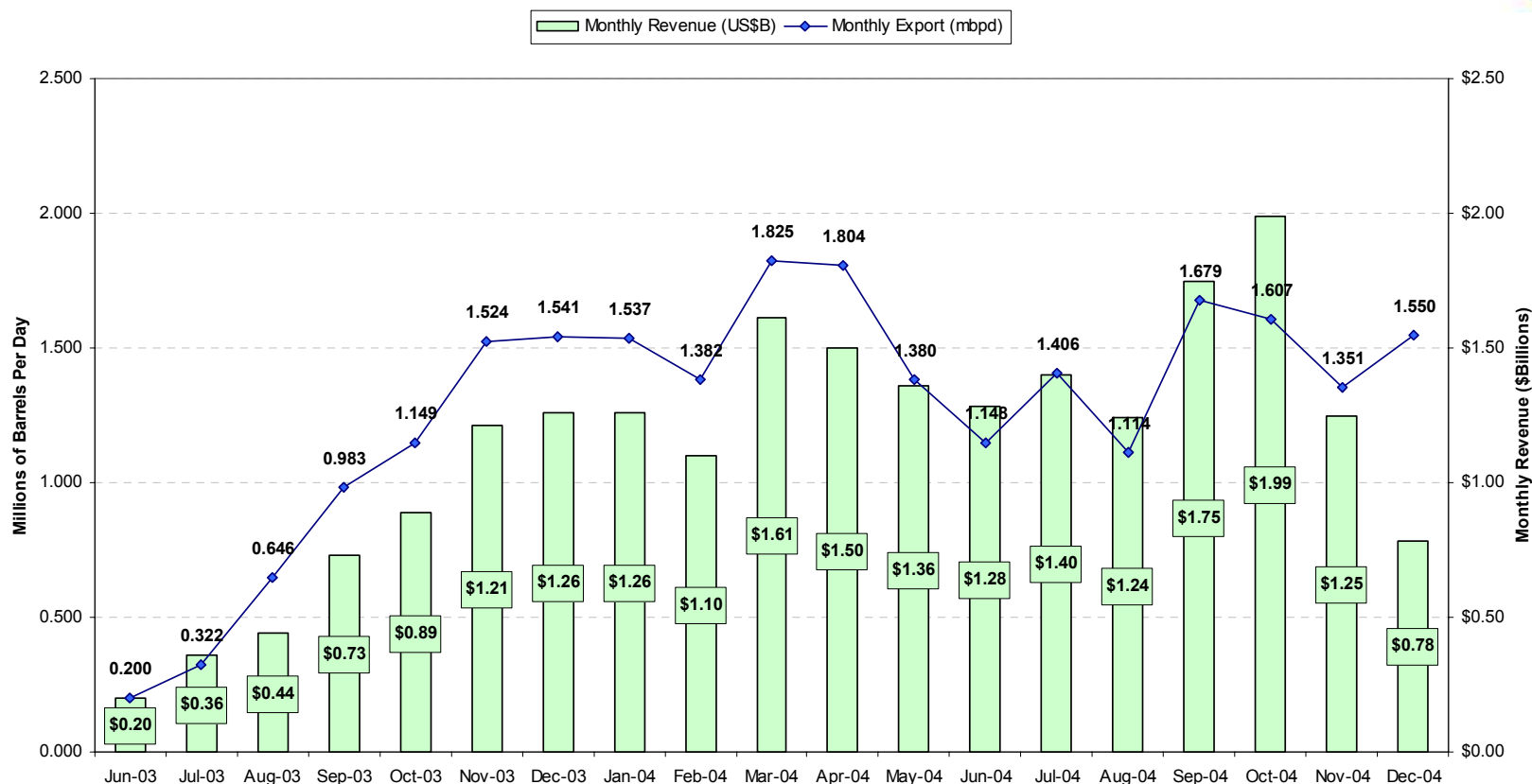
ï Pre-War Peak: 2.5 MBPD in Mar 03

ï Post-War Peak: 2.67 MBPD

[4.0] Establish Foundations for a Strong Economy ñ Crude Oil Export



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ï 2003 Revenue: \$5,076.6M

ï 2004 Revenue:

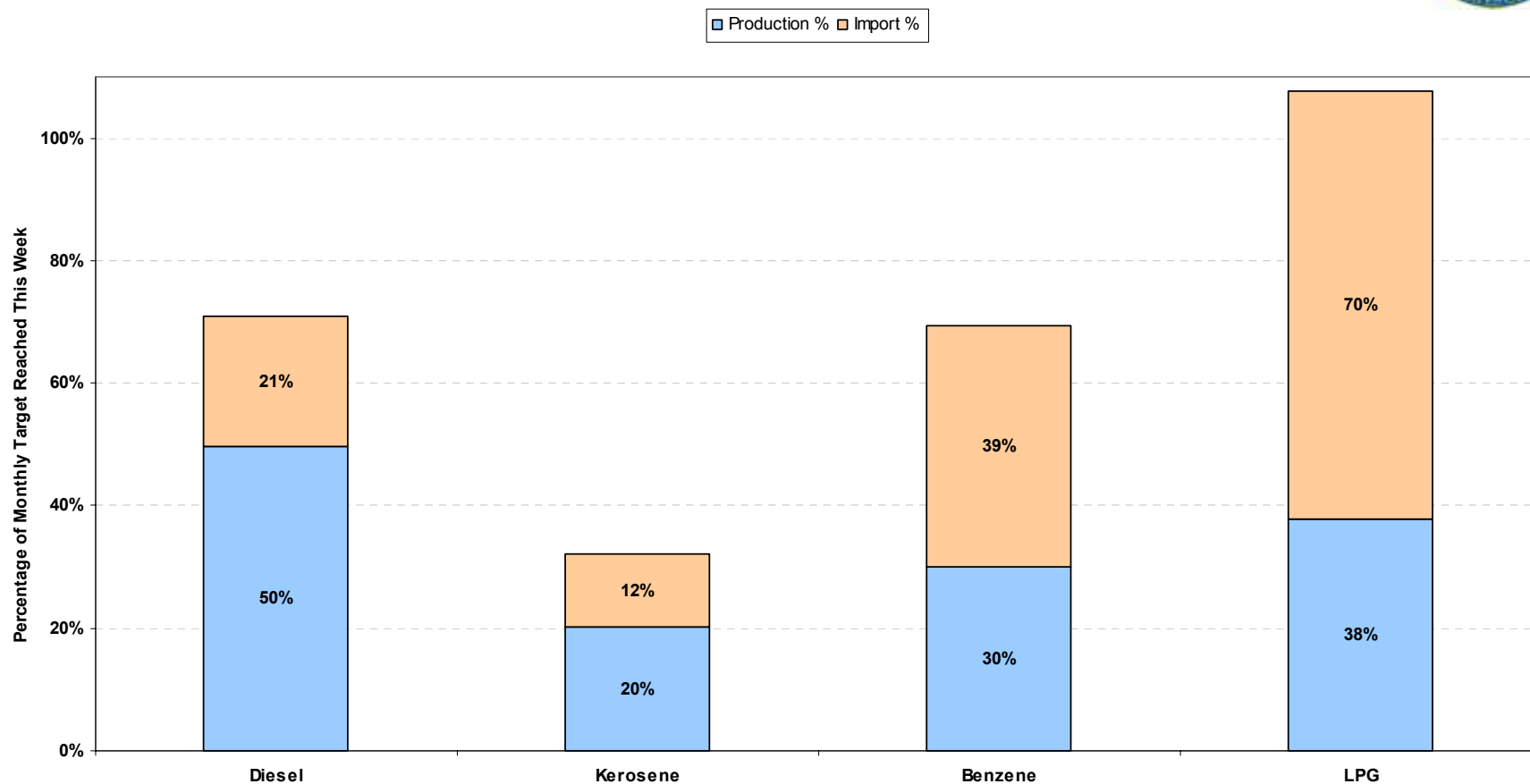
ñ Pre-Transition: \$8,105.2M

ñ Post-Transition (To Dec 17): \$8,373.5M

\$16,478.7M



[4.0] Establish Foundations for a Strong Economy ñ Refined Products



Note: This chart represents the percentage of target reached for the week of 13-19 Dec

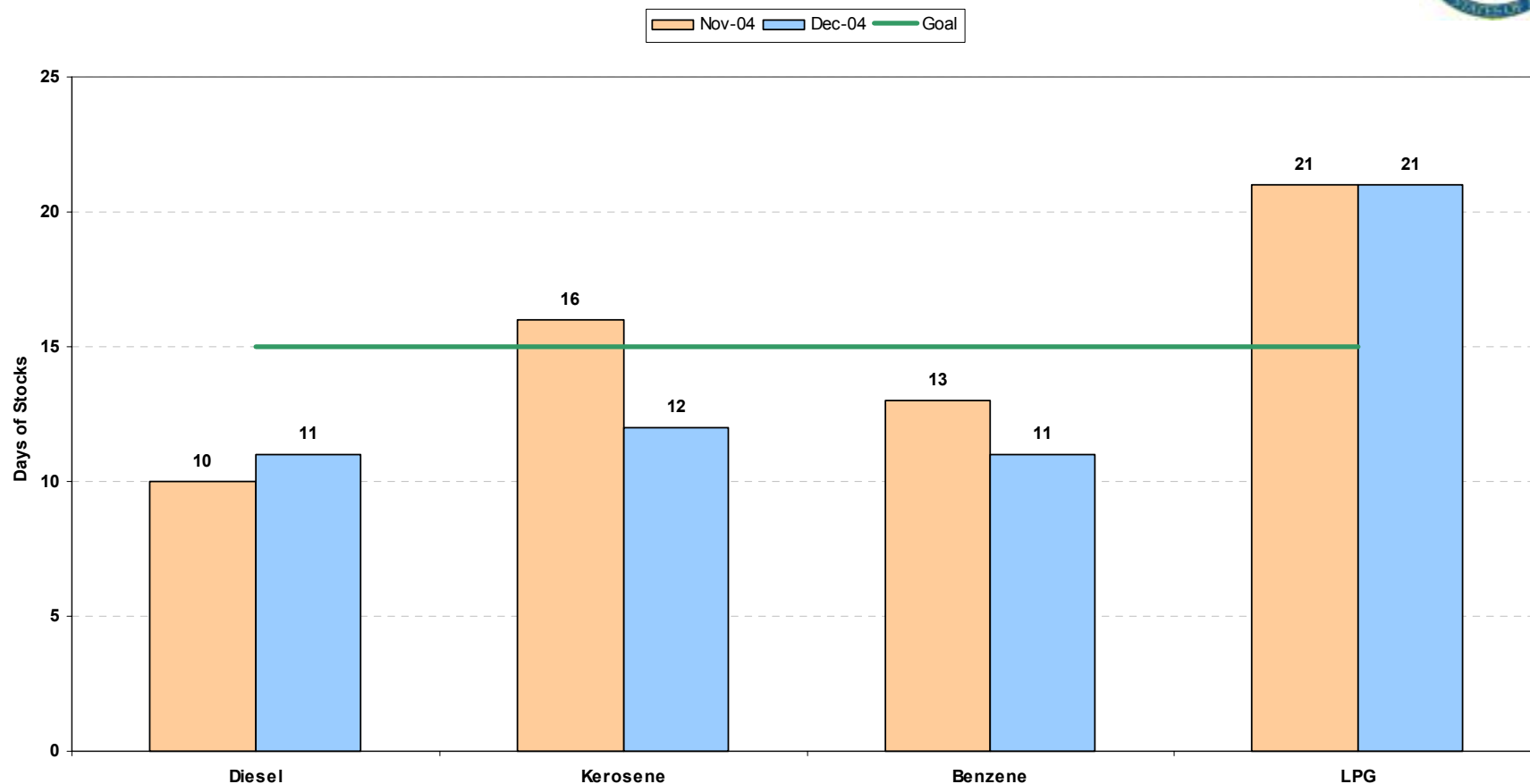
ï Diesel: 12.8 ML of 18 ML

ï Kerosene: 5.8 ML of 18 ML

ï Benzene: 12.5 ML of 18 ML

ï LPG: 4,628 tons of 4,300 tons

[4.0] Establish Foundations for a Strong Economy ñ National Stock Levels



ï The goal is for all refined products to be over 15 days worth of stocks at maximum consumption rates and does not represent seasonal change. The numbers given above are monthly averages.

ï Sabotage of feeder lines to refineries is lowering production and impacting national stock levels.



[4.0] Establish Foundations for a Strong Economy ñ IRRF

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Sector	2207 Report	Apportion	Committed		Obligated		Disbursed	
			Last Week	Current	Last Week	Current	Last Week	Current
Security and Law Enforcement	5045	5045	4410	4460	2995	3054	961	995
Electricity Sector	4350	3627	3460	3468	2455	2790	504	521
Oil Infrastructure	1701	1701	1380	1435	795	917	77	94
Justice, Public Safety, and Civil Society	1121	1120	860	880	572	581	95	110
-Democracy	832	832	576	580	576	579	121	179
Education, Refugees, Human Rights, Governance	379	379	174	175	170	171	36	40
Roads, Bridges, and Construction	359	299	295	296	184	184	27	28
Health Care	786	786	781	780	420	493	10	16
Transportation and Communications	499	443	486	477	243	313	21	24
Water Resources and Sanitation	2311	1365	1339	1349	882	898	39	39
Private Sector Development	843	843	368	401	322	326	50	52
Admin Expense (USAID, State)	213	29	29	29	29	29	29	29
IRRF II SUBTOTAL	18439	16469	14158	14330	9643	9643	2066	2127
CONSTRUCTION	11306	9336	8729	8821	5640	6226	1070	1089
NON-CONSTRUCTION	6301	6301	4853	4929	3427	3530	835	859
DEMOCRACY	832	832	576	580	576	579	161	179
IRRF I SUBTOTAL	2475	2475	2418	2418	2418	2418	1768	1768
GRAND TOTAL IRRF I & II	20914	18944	16576	16748	12061	12753	3,834	3,895

Data as of Dec 22, 2004

[5.0] Establish Good Governance, Rule of Law ñ Refugees, Democracy and Human Rights



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Emergency Release of Supplies

ï UNHCR released 2,000 blankets and 1,000 mattresses for distribution to 500 Fallujah IDP families. In addition, 300 tents, 1000 mattresses and 1800 blankets were released to a NGO partner for further distribution to Fallujahís IDPs.

Village Investments Bring Families Home

ï A village in Wasit Governorate has restored its basic services. The community constructed a school, paved a seven-kilometer road linking the village to the district capital, and set up a compact unit for purifying water. To date, 20 families have resettled in the village and 20 more are said to be preparing to return.

Encouraging Youth to Vote

ï A local NGO and USAID partner conducted an information-sharing seminar for 213 students at a major Iraqi university. The event was organized with the intent to help youth gain a better understanding of laws and procedures for the January 30 elections.



[5.0] Establish Good Governance, Rule of Law ñ Justice

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Rule of Law Coordination

- ï INL Coordinator met with representatives from the National Strategy Information Center to discuss program development for increasing Culture of Lawfulness education in Iraq
- ï A confirmation meeting was held with American Bar Association representatives to focus programs on judicial integrity and capacity building. Priority agenda items included, court administration, infrastructure and digitizing Iraqi laws into a database.

Criminal Justice

- ï The Iraq Police development program includes eight weeks of basic training for new recruits within Iraq and at the Jordan International Police Training Center. There is additional planning for continued field training and mentoring, as well as a three-week transition training for existing Iraqi police. A number of specialized and advanced training courses are also being taught.
- ï Additionally, 500 international police liaison officers supplied by INL are prepared to supplement classroom instruction by providing field training supervision, mentoring, and technical advice to the civilian police at all levels.



[6.0] Maintain Int'l Engagement & Support ñ **Developments**

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- ï In Amman, Jordan the International Conference on Employment in Iraq organized by the International Labor Organization (ILO) emphasized the role of employment in the reconstruction of Iraq. More than 60 representatives of government, employers and workers in Iraq, as well as representatives of local authorities, civil society, UN agencies, and the World Bank attended.
- ï The International Fund for Higher Education (IFHE) in Iraq received \$200,000 from the government of South Korea. The fund now has \$16.5 million.
- ï UNESCO worked with IFHE to organize the shipment of four containers of laboratory equipment and textbooks to Iraqi universities.



[6.0] Maintain Int'l Engagement & Support ñ Stability Contributors

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Countries with forces in Iraq (in addition to US)

Albania	Estonia	Latvia	Poland
Australia	Georgia	Lithuania	Portugal
Azerbaijan	Hungary	Macedonia	Romania
Bulgaria	Italy	Moldova	Slovakia
Czech Rep	Japan	Mongolia	Tonga
Denmark	Kazakhstan	Netherlands	Ukraine
El Salvador	Korea	Norway	UK

TOTAL ~ 25,000 Forces

29 Countries and NATO

(including US)

Support Iraqi Stability Operations

Iraq Weekly Status ñ General Information



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- ï This brief draws from multiple sources. References are cited on the respective pages in the ìNotes Pageî section (View → Notes Page).
- ï Please forward all questions and/or comments to (unclassified) NEA-I-IPOG-DL@state.gov or (classified) NEA-I-IPOG-DL@state.sgov.gov